

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

Vector Launch Inc., *et al.*,¹

Debtors.

Chapter 11

Case No. 19-12670 (JTD)

(Jointly Administered)

**SUMMARY OF FIRST FEE APPLICATION OF PILLSBURY WINTHROP SHAW
PITTMAN LLP FOR COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES AS COUNSEL TO THE DEBTORS AND
DEBTORS-IN-POSSESSION FOR THE PERIOD
DECEMBER 13, 2019 THROUGH JANUARY 31, 2020**

Name of Applicant:	Pillsbury Winthrop Shaw Pittman, LLP
Authorized to Provide Professional Services to:	Debtors Vector Launch, Inc., <i>et al.</i>
Date of Retention:	December 13, 2019
Period for which compensation and Reimbursement is sought:	December 13, 2019 through January 31, 2020
Amount of Compensation sought as actual, reasonable and necessary:	\$332,454.00 (80% of \$415,568.00) ²
Amount of Expense Reimbursement sought as actual, reasonable and necessary:	\$14,734.30

This is Pillsbury's first fee application in the Chapter 11 Cases (defined below).

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Vector Launch Inc [4147] and Garvey Spacecraft Corporation [4794]. The Debtors' address is: PO Box 14928, Long Beach, CA 90853-4928.

² Pursuant to Interim Compensation Procedures Order [ECF No. 122].

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Case No. 19-12670 (JTD)

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**FIRST FEE APPLICATION OF PILLSBURY WINTHROP SHAW PITTMAN LLP FOR
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF
EXPENSES AS COUNSEL TO THE DEBTORS AND DEBTORS-IN-POSSESSION
FOR THE PERIOD DECEMBER 13, 2019 THROUGH JANUARY 31, 2020**

Pursuant to sections 330 and 331 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), Rule 2016-2 of the Local Rules for the United States Bankruptcy Court District of Delaware (the “Local Rules”), and the *Order Pursuant to Bankruptcy Code Sections 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [ECF No. 122] (the “Interim Compensation Procedures Order”), Pillsbury Winthrop Shaw Pittman LLP (“Pillsbury”), attorneys and counsel for Vector Launch, Inc. and its affiliated debtor and debtor-in-possession (collectively, the “Debtors”), in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), hereby files this first monthly fee application (“Application”) for an interim allowance of (a) compensation in the amount of \$332,454.40, which is 80% of the fees incurred by the Debtors for actual, reasonable, and necessary legal services Pillsbury rendered to the Debtors from December 13, 2019 through and including January 31, 2020 (the “Fee Period”) and

³ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Vector Launch Inc [4147] and Garvey Spacecraft Corporation [4794]. The Debtors’ address is: PO Box 14928, Long Beach, CA 90853-4928.

(b) reimbursement for actual, reasonable, and necessary expenses that Pillsbury incurred, in the amount of \$14,734.30 during the Fee Period.

JURISDICTION AND VENUE

1. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. Venue in this district is proper pursuant to 28 U.S.C. § 1408.

2. The statutory basis for the relief sought is Bankruptcy Code section 330.

BACKGROUND

3. On December 13, 2019 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with this Court, commencing these Chapter 11 Cases. The Debtors have continued in possession of their respective properties and have continued maintain their properties as debtors-in-possession to Bankruptcy Code sections 1107(a) and 1108.

4. On December 30, 2019, the United States Trustee for Region 3 (the “U.S. Trustee”)⁴ appointed an official committee of unsecured creditors (the “Committee”) pursuant to Bankruptcy Code section 1102 and filed the *Notice of Appointment of Committee of Unsecured Creditors* [ECF 44].⁵

5. On December 13, 2019, the Debtors filed an application to retain Pillsbury as co-counsel [ECF 12], which application was approved by the Court on January 21, 2020 [ECF 120].

INTERIM COMPENSATION REQUEST

6. Pursuant to the Interim Compensation Order, Court authorized the filing and service to certain notice parties of monthly interim fee applications by professionals appointed in

⁴ References to the U.S. Trustee include the U.S. Trustee and attorneys and other staff working in the Office of the United States Trustee for Region 3.

⁵ The members of the Committee are as follows: (i) Valcor Engineering Corporation; (ii) Rincon Etal Investments, Inc.; (iii) Expanding TFO I, LP; (iv) MF Engineering Inc., and (v) Gas Innovations.

these cases and payment by the Debtors of 80% of fees and 100% of expenses, in the absence of an objection made within twenty-one (21) days of service of the application. Pillsbury submits this Application pursuant to the Interim Compensation Order for payment of the fees incurred by the Debtors for actual, reasonable, and necessary legal services Pillsbury rendered to the Debtors during the Fee Period and reimbursement for actual, reasonable, and necessary expenses that Pillsbury incurred in representing the Debtors during the Fee Period. This Application is made pursuant to Bankruptcy Code section 328, 330, and 331, Bankruptcy Rule 2016, Local Rule 2016-2, the U.S. Trustee Guidelines, and the Interim Compensation Order.

7. No agreement or understanding exists between Pillsbury and any third person for the sharing of compensation, except as allowed by Bankruptcy Code section 504(b) and Bankruptcy Rule 2016 with respect to internal sharing of compensation between and among the lawyers of Pillsbury. All services for which compensation is requested hereunder were rendered at the request of and solely on behalf of the Debtors and not on behalf of any other entity.

SUMMARY OF SERVICES RENDERED

8. A summary of the total fees incurred, including the hourly rates and the total hours expended during the Fee Period for each Pillsbury professional and paraprofessional is attached as **Exhibit A**. A summary of the total expenses incurred during the Fee Period for each category of expense is attached as **Exhibit C**.

GENERAL DESCRIPTION OF SERVICES RENDERED

9. During the Fee Period, Pillsbury rendered services to the Debtors for each category that was both necessary and beneficial to the Debtors. Pillsbury's professionals performed work and billed time for each category as discussed generally below and as set forth in further detail in **Exhibit D**.

Category B110 – Case Administration

10. This category includes time related to coordination and compliance activities not specifically covered by another category. The activities included under this category include daily coordination calls with the Debtors' management and the Debtors' chief restructuring officer ("CRO") and his staff. In connection with these services, Pillsbury professionals expended 33.50 hours during the Fee Period, for which Pillsbury seeks compensation of \$38,147.50

Category B120 – Asset Analysis and Recovery

11. This category includes time relating to the analysis necessary for compliance with export control regulations relating to the Debtors' assets and analysis related to the Debtors' pre-petition litigation with Lockheed Martin Corporation. In connection with these services, Pillsbury professionals expended 9.50 hours during the Fee Period, for which Pillsbury seeks compensation of \$11,190.00.

Category B130 – Asset Disposition

12. This category includes time spent on activities relating to the sale of the Debtors' GalacticSky Assets and related marketing of the Debtors' satellite launch vehicle assets, including communication with potential bidders, addressing comments from the U.S. Trustee, the Committee and other creditors to the GalacticSky sale bidding procedures and bidding procedures proposed order, ensuring proper notice was completed for the sale and potential assumption of executory contracts, attending a hearing before the Court to approve the bidding procedures on January 14, 2020, working with the Debtors' management and CRO on issues relating to parties expressing interest in conducting diligence, drafting media statements relating to the asset sale, drafting, revising, and negotiating non-disclosure agreements relating to the sale with interested parties and their advisors, and communications with the Committee's advisors relating to the sale and sale

process. In connection with these services, Pillsbury professionals expended 77.40 hours during the Fee Period, for which Pillsbury seeks compensation of \$87,645.50.

Category B140 – Relief from Stay/Adequate Protection Proceedings

13. This category includes time spent related to engaging with parties seeking to lift the automatic stay or in violation thereof. In connection with these services, Pillsbury professionals expended 4.20 hours during the Fee Period, for which Pillsbury seeks compensation of \$4,578.00.

Category B150 – Meetings of and Communications with Creditors

14. This category primarily includes time spent communicating with the Committee's advisors or addressing diligence or information requests from the Committee's advisors. Specifically, this category includes time during the Fee Period spent by Pillsbury's professionals preparing for and attending a meeting on January 8, 2020 with advisors to Lockheed Martin and the Committee to address various issues in the Chapter 11 Cases, but specifically relating to the debtor-in-possession financing and the GalacticSky sale process and bidding protections. Time in this category also includes time spent addressing creditor inquiries and attending the Committee formation meeting on December 30, 2019 and initial meetings and discussions with the Committee's counsel.⁶ The services were necessary and benefitted the Debtors by providing them with materially better terms on the debtor-possession-financing and stalking horse bidder protections provided to Lockheed Martin. In connection with these services, Pillsbury professionals expended 39.90 hours during the Fee Period, for which Pillsbury seeks compensation of \$45,979.00.

⁶ Where the meetings and communications correspond to a more particular category, the meetings and communications are placed into that more specific category.

Category B160 – Fee/Employment Applications

15. This category primarily includes time spent preparing and prosecuting employment applications and related disclosures for the Debtors' professionals, including their legal counsel, CRO, noticing agent, ordinary course professionals, engaging with the U.S. Trustee to ensure compliance, and finalizing orders authorizing employment based on input from other parties-in-interest. These services were necessary and benefitted the Debtors by ensuring they had the necessary representation in these Chapter 11 Cases.

16. In connection with these services, Pillsbury professionals expended 16.00 hours during the Fee Period, for which Pillsbury seeks compensation of \$17,462.00.

Category B170 – Fee/Employment Objections

17. This category includes time spent addressing and resolving informal objections by the U.S. Trustee to the Debtors' interim compensation motion, Pillsbury's retention application, the Debtors' proposed ordinary course retention of their tax accountant. In connection with these services, Pillsbury professionals expended 8.30 hours during the Fee Period, for which Pillsbury seeks compensation of \$9,047.00.

Category B185 – Assumption/Rejection of Lease and Contracts

18. This category includes time spent addressing issues that arose in relation to the Debtors' headquarters lease in Tucson, Arizona. In connection with these services, Pillsbury professionals expended 3.60 hours during the Fee Period, for which Pillsbury seeks compensation of \$3,924.00.

Category B190 – Other Contested Matters (excluding Assumptions/Rejections of Motions)

19. This category includes time spent researching removal procedures of certain state court litigation, initial preparation of removal pleadings, and communications with the Debtors'

counsel in the state court litigation. In connection with these services, Pillsbury professionals expended 10.20 hours during the Fee Period, for which Pillsbury seeks compensation of \$10,942.00.

Category B195 – Non-Working Travel

20. This category includes time spent traveling to Delaware to attend the various hearings in these Chapter 11 Cases. Specifically, Pillsbury professionals attended the first day hearing on December 16, 2019, the Committee formation meeting on December 30, 2019, the meeting with Lockheed Martin's and the Committee's advisors in New York on January 8, 2020, the hearing on the Debtors' debtor-in-possession financing and bidding procedures on January 14, 2020, and the initial 341 meeting on January 21, 2020. Pursuant to Local Rule 2016-2(d), all non-working travel time was billed at fifty percent (50%). In connection with these services, Pillsbury professionals expended 98.00 hours during the Fee Period, for which Pillsbury seeks discounted compensation of \$54,957.50.

Category B210 – Business Operations

21. This category includes time spent by Pillsbury professionals rendering services relating to the U.S. Trustee's initial debtor interview and monthly operating report and a motion to authorize the Debtors' to enter into an insurance premium financing agreement including addressing information objections raised by the U.S. Trustee). In connection with these services, Pillsbury professionals expended 19.70 hours during the Fee Period, for which Pillsbury seeks compensation of \$20,724.00.

Category B220 – Employee Benefits/Pensions

22. This category includes time spent by Pillsbury attorneys addressing COBRA payment refunds in frozen account, researching employee benefit notices received from Arizona

and California state employment agencies, and communicating with the Debtors' personnel to respond to those notices. In connection with these services, Pillsbury professionals expended 3.00 hours during the Fee Period, for which Pillsbury seeks compensation of \$3,270.00.

Category B230 – Financing/Cash Collateral

23. This category includes time spent addressing issues relating to the Debtors' debtor-in-possession financing ("DIP"), including communicating with the U.S. Trustee, the Committee's advisors, and Lockheed Martin's advisors regarding informal objections to the proposed interim and final orders approving DIP, multiple rounds of revising the proposed interim and final DIP orders and DIP term sheet, assisting the Debtors with compliance obligations under the DIP, drafting and addressing issues relating to the Debtors' cash management motion. These services were necessary and benefitted the Debtors by ensuring they had the funds necessary to operate and provide the estates funds necessary to fund the chapter 11 process with the fewest restrictions possible.

24. In connection with these services, Pillsbury professionals expended 60.70 hours during the Fee Period, for which Pillsbury seeks compensation of \$70,400.00.

Category B250 – Real Estate

25. This category includes addressing issues related to the Debtors' headquarters lease in Tucson, Arizona. In connection with these services, Pillsbury professionals expended 0.20 hours during the Fee Period, for which Pillsbury seeks compensation of \$258.00.

Category B310 – Claims Administration and Objections

26. This category includes services related to the preparation of the Debtors' schedules of assets and liabilities and statements of financial affairs and the drafting, revising, and filing of

the Debtors' motion to establish claims bar dates. These services were necessary and benefitted the Debtors by establishing an orderly process for the Debtors to evaluate creditor claims.

27. In connection with these services, Pillsbury professionals expended 28.00 hours during the Fee Period, for which Pillsbury seeks compensation of \$30,520.00.

Category B410 – General Bankruptcy Advice/Opinions

28. This category primarily includes services performing various activities to protect and preserve the interests of the Debtors not otherwise falling under the categories described above. In connection with these services, Pillsbury professionals expended 4.30 hours during the Fee Period, for which Pillsbury seeks compensation of \$5,547.00.

Category B420 – Restructurings

29. This category includes the rendering of advice relating to export control and CFIUS issues relating to the Debtors' assets. In connection with these services, Pillsbury professionals expended 0.90 hours during the Fee Period, for which Pillsbury seeks compensation of \$976.50.

VALUATION OF SERVICES

30. As noted above, the amount of time spent by each Pillsbury attorney and paraprofessional providing services to the Debtors during the Fee Period is set forth in the summary above and in the detailed time statement attached as Exhibit A. The rates reflected on Exhibit A are Pillsbury's customary hourly rates for work of this character. The reasonable value of the services rendered by Pillsbury for the Fee Period as attorneys to the Debtors in these Chapter 11 Cases is \$415,568.00.

31. In accordance with the factors enumerated in Bankruptcy Code section 330, the fees requested are fair and reasonable given (a) the complexity of the Chapter 11 Cases, (b) the time expended, (c) the nature and extent of the services rendered, (d) the value of such services, and (e) the costs of comparable services other than in a case under this title.

32. Although every effort has been made to include all fees and expenses incurred during the Fee Period, some fees and expenses might not be included in this Application due to delays caused by accounting and processing during the Fee Period. Pillsbury reserves the right to make further application to this Court for allowance of such fees and expenses not included herein. Subsequent fee applications will be filed in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and the Interim Compensation Procedures Order.

WHEREFORE, Pillsbury requests an interim allowance of (a) compensation in the amount of \$332,454.00, which is 80% of the fees incurred by the Debtors for actual, reasonable, and necessary legal services Pillsbury rendered to the Debtors during the Fee Period, and (b) reimbursement for actual, reasonable, and necessary expenses that Pillsbury incurred, in the amount of \$14,734.30 during the Fee Period.

Date: February 27, 2020
Houston, Texas

PILLSBURY WINTHROP SHAW PITTMAN LLP

/s/ Hugh M. Ray, III

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